

**Foremost Property and Casualty Insurance Company
California
Derivation of Indicated Refund**

Month Product	April Motorcycle*	May Motorcycle*
(1) Target Combined Ratio	95.0%	95.0%
(2a) Commissions and Brokerage	14.4%	14.4%
(2b) All Other Underwriting Expenses	19.6%	19.6%
(3) Target Loss & ALAE Ratio	61.0%	61.0%
(4a) Estimated Non-Recoupable Expenses	19.9%	19.9%
(4b) Estimated Recoupable Expenses	14.1%	14.1%
<u>COVID-19 Estimates</u>		
(5a) Frequency Decrease	44%	26%
(5b) Severity Increase	10%	10%
(6) Adjusted Loss & ALAE Ratio	37.6%	49.7%
(7) Indicated Refund	29.0%	14.0%
(8) Selected	25.0%	25.0%

Notes:

Line (2): Program-Specific Expense Information

(3) = (1) - (2a) - (2b)

(4a) Non-Recoupable expenses are estimated as roughly 5.5% in addition to Commission and Brokerage

(4b) = (2a) + (2b) - (4a)

(5a) Estimate based on monthly reported claim frequency change from 2019 to 2020, See Exhibit Page 2

(5b) Rough estimate based on media reports of increased speeding and severe accidents on less crowded roads for certain vehicles

(6) = (3) * [1 - (5a)] * [1 + (5b)]

(7) = 1.00 - [(6) + (4a)] / [(1) - (4b)]

* Motorcycle informaton is combined for the Motorcycle Programs for Foremost Insurance Company Grand Rapids, Michigan and Foremost Property and Casualty Insurance Company

Foremost Property and Casualty Insurance Company
California
Derivation of Indicated Refund
 Estimation of Frequency Difference

Month	March	April	May
Product	Motorcycle*	Motorcycle*	Motorcycle*
(1a) 2019 Overall Claim Frequency	0.17%	0.27%	0.25%
(1b) 2020 Overall Claim Frequency	0.18%	0.15%	0.20%
(2a) 2019 Collision and Theft Claim Frequency	0.15%	0.25%	0.23%
(2b) 2020 Collision and Theft Claim Frequency	0.16%	0.13%	0.17%
(3) 2020 Collision and Theft Frequency Difference from 2019	0.01%	-0.12%	-0.06%
(4) Estimated Claim Frequency Change due to Pandemic	7%	-44%	-26%
Premium Refund Indicated	N	Y	Y

Notes:

Line (1): Monthly reported claims divided by earned vehicle years, excluding towing-only claims

(2) Monthly reported claim frequency for claims with Collision and Theft causes of loss only

(3) = (2b) - (2a)

(4) = (3) / (1a)

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